

**Renewal of Service Contracts
Between the State of Delaware and
Department of Correction and CEC, Inc.,**

This Agreement is made effective this 1st day of July 2009, by and between Community Education Centers, Inc. ("CEC") and the State of Delaware, Department of Correction (the "DOC") and renews the following contracts for one year. The following agreements commence on July 1, 2009 and terminate on June 30, 2010:

- (1) Contract No. 2841
- (2) Contract No. 2961
- (3) 6 for 1 Program Amendment
- (4) Staff Recruitment and Retention Amendment

RECITALS

WHEREAS, the DOC desires to renew the contracts for substance abuse services provided by CEC to serve the needs of the State of Delaware and the State's inmate population; and

WHEREAS, CEC submitted a request to extend its contract with DOC to provide substance abuse treatment to the State's inmate population;

NOW THEREFORE, in consideration for the mutual promises contained herein, the parties enter into this Agreement and its related documents to govern their relationship.

The Terms and Conditions of this Agreement are contained within the DOC/CEC substance abuse contracts (Contract No. 2961, Contract No. 2841) and shall be included and incorporated into this agreement by reference herein. Similarly, the Request for Proposal for the above stated contracts, CEC Proposals regarding those contracts, the Question and Response Memorandum dated January 31, 2003, Staff Recruitment and Retention, 6 for 1 Program, and the staffing model (Attached hereto as attachments 1 and

* 2). [REDACTED]
[REDACTED]
[REDACTED]

NOW THEREFORE, the DOC and CEC mutually agree as follows:

1. This agreement is contingent upon funding being appropriated by the State of Delaware for the duration of this contract. Funding is appropriated for Substance Abuse Services through the annual State Budget Act.
- * 2. The DOC and CEC agree on an annual contract price of [REDACTED] for this contract. The contract between DOC and CEC may be renewed for one (1) additional year. The annual price figure is subject to and contingent upon the following unit pricing, adjustments and billing guidelines:

Key Program	[REDACTED]
Crest Program	[REDACTED]
NCWWRC	[REDACTED]
Aftercare Program	[REDACTED]
Boot Camp Program	[REDACTED]
6 for 1 Program	[REDACTED]
Staff Recruitment & Retention	included in Program costs
YCOP Program	[REDACTED]
<hr/>	
TOTAL	[REDACTED]

- a. Each monthly payment shall be no less than 1/12 (8.3 %) of the contract price listed above regardless of minor fluctuations in SENTAC Level V census. CEC and DOC will identify population fluctuations in the Level V census based on a sustained shift in average daily census of plus or minus 12 inmates. A "sustained shift in average daily census" is defined as any qualified shift in census which lasts longer than 60 consecutive days. Upon any such sustained shift in average daily census, both parties agree to re-negotiate per diem rates to be retroactive to the first day of population fluctuations.

- b. The monthly payment structure listed in Paragraph 2 and 2(a) above shall not be affected by minor fluctuations in the SENTAC Level IV inmate census. CEC and DOC will identify population fluctuations in the Level IV census based on a sustained shift in average daily census of plus or minus 12 inmates. A "sustained shift in average daily census" is defined as any qualified shift in census which lasts longer than 60 consecutive days. Upon any such sustained shift in average daily census, both parties agree to re-negotiate per diem rates to be retroactive to the first day of population fluctuations
- c. The monthly payment for aftercare shall be based upon 1/12 (or 8.3 %) of the base contract price. Each payment shall be adjusted up or down based upon the average daily census of the previous month.
- * d. Per diems under this contract are established at the following rates:
 - 1) "Key" Level V Programs: \$ [REDACTED] per day;
 - 2) "Crest" Level IV Programs: \$ [REDACTED] per day;
 - 3) Statewide Aftercare Program: \$ [REDACTED] per day;
- * e. Youth Program- 1/12th (or 8.3 %) of the annual rate of \$ [REDACTED]
- * f. All services are based on client to staff ratio of:
 - Key – Level V- [REDACTED]
 - Crest Level IV- [REDACTED]
 - Aftercare- [REDACTED]

3. Appropriation

Funds authorized for use under the contract are obligated within the budget period The State of Delaware's fiscal year is July 1 – June 30 in which they are awarded. Contracts and purchase orders must be issued on or before the expiration of the budget period or the funds will no longer be available for use by the vendor. If funds are not appropriated at the amounts established by this contract each party shall have the right, to be exercised with not less than 30 days prior notice to the other, to terminate this contract and all payment and service obligations hereunder and

relating hereto. However, said termination right may only be exercised with an effective date of the last day of the last month of a fiscal year of the term of this contract. At no time will the level of services go below those specified in the Revised TCA Standards for TCs in Correctional Settings.

4. Department Indemnification

The vendor, CEC, will hold harmless, indemnify, and defend the DOC, the State of Delaware and their agents, employees, or officers of the State of Delaware from any and all suits, actions, losses, liability, damages (Including punitive damages), expenses, reasonable attorney fees (Including salaries of attorneys regularly employed by the State of Delaware), judgments, or settlements incurred by the DOC, the State of Delaware or their agents, employees, or officers arising out of the negligent provision of services by CEC, its employees, or subcontractors under the contract. CEC retains all its rights to retain counsel for its own defense, direct its own defense and to negotiate settlements for CEC, DOC, and DOC employees.

5. Applicable Law/Governing Law/Choice of Law

The laws of the State of Delaware shall apply, except where Federal Law has precedence. CEC consents to jurisdiction and venue in the State of Delaware. CEC must possess an active Delaware Business License as issued by the Department of Finance through its Division of Revenue. CEC must remain in good financial standing with the State of Delaware. The DOC shall enter a Purchase Order on or before July 15, 2009. The Purchase Order must be approved by July 22, 2009 or this contract shall be null and void and of no force or effect. If any provision of this contract is held by a court of competent jurisdiction to be invalid, the remaining provisions of this contract will remain in full force and effect.

6. Treatment Methodology

- a. The programs openly display TC slogans and teachings and promote pro-social values including: self-responsibility, community responsibility, responsible concern for peers, etc.
- b. There must be a continuous atmosphere of constructive confrontation and feedback to individuals and community as a whole, in order to raise personal awareness of the individual's behavior and attitude. Constructive feedback does not include engaging residents in demeaning tasks and or humiliating experiences.
- c. The prevailing moral imperative is "I am my brother's keeper" as opposed to the prison culture attitude.
- d. Participants are accountable to each other and the community on a continuous basis, fostering a strong sense of responsibility for self and others.
- e. Staff counseling techniques include didactic, personal sharing, and redirecting members to the peer-community process.
- f. Program participants are strongly encouraged to self-disclose personal issues and observations about the community, in keeping with prison and TC guidelines.
- g. Positive feedback such as encouragement is provided more frequently than negative feedback.
- h. The locus of control is shared between staff and program participants. However, the staff maintains ultimate authority, and applies it in a rational manner.
- i. The program prohibits practices that are demeaning to a program participant or that otherwise conflict with minimum standards of correctional care.
- j. In conjunction with the Department of Correction or its designee, CEC shall ensure the following:
 - 1) Allowing program participants to express feelings openly, and loudly, if necessary

- 2) Shared locus of control between staff and program participants
- 3) Procedures for program participants' involvement in disciplinary handling of other program participants
- 4) Allowing informal/formal staff-program participants interactions that might be considered "fraternization" in the prison setting.
- 5) Written monitoring protocol about systematic accountability to prevent staff/participant-clinical boundary problems
- 6) Allowing program participants to perform maintenance and cleaning of the program space--broaden scope of program TC work readiness job functions

7. Quality Assurance Program

CEC shall have a formal quality assurance/quality control program in place that demonstrates that internal review and quality control processes have been or are implemented and routine internal evaluations of the substance abuse programs are performed to ensure compliance with the terms and conditions of the Contract and renewal. A copy of the quality assurance/quality control program shall be provided to the DOC upon Contract execution.

8. Programs Monitoring and Evaluation

The DOC reserves its right to make scheduled, unscheduled, announced, or unannounced visits by its staff to any of CEC treatment programs in the State of Delaware. The DOC's designated staff will perform monitoring during the term of the contract and renewal agreement. Monitoring shall include periodic review of compliance with contract service delivery. DOC's designated staff will use subjective methods, ie. observation and objective methods, ie. Therapeutic Community Survey of essential Elements Questionnaire (SEEQ) to measure programs performance. The DOC designated staff will provide a written monitoring report to CEC, Inc., within three (3) weeks of the conclusion of any monitoring visit. When issues of non-compliance are identified

in the monitoring report, DOC shall transmit to CEC a written "notice of noncompliance." CEC agrees to produce to DOC a written Corrective Action Plan (CAP) within ten (10) days of receipt of any notice of non-compliance. If necessary, a follow-up monitoring visit will be scheduled by the Contract Manager, and will occur within thirty (30) days of the original monitoring visit at which time full compliance must be met. Failure to correct deficiencies after thirty (30) days from the date of receipt of any notice of non-compliance shall be considered a material breach of contract and may result in termination of the contract and renewal agreement.

* 9. Contract Term:

This renewal shall be effective on July 1st, 2009, or the date on which it is signed by both parties, whichever is later, and shall end at midnight on June 30, 2010. The contract between DOC and CEC may be renewed for one (1) additional year at an annual increase of for the option year. Exercise of the renewal option is at the DOC's sole discretion. In the event this Contract is signed by the parties on different dates, the latter date shall control. The DOC, if it desires to exercise its renewal option, will provide written notice to the Contractor no later than thirty (30) days prior to the Contract expiration date.

10. Contract Termination:

a. Termination at Will

This contract may be terminated, in whole or in part, when such action is deemed by the State, in its sole discretion, to be in its best interest. Termination of services hereunder shall be effected by delivery to contractor written notice of termination specifying the extent to which performance of services under this contract is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than sixty (60) days after the notice is sent. After receipt of a notice of termination and except as otherwise directed by the State, the contractor shall to the extent

possible, continue to perform, as required by this contract until the effective date of termination.

b. Termination for Cause

The State may conduct an audit of the contractor regarding the work performed under this contract at any time, and if such audit finds that the work performed does not meet the standards set in the Revised TCA Standards for TCs in Correctional Settings, this shall constitute a material breach of the contract upon which the State may determine to terminate this contract. Termination of services hereunder shall be effected by delivery to contractor of written notice of termination specifying the extent to which performance of services under this contract is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after the notice is sent. After receipt of a notice of termination and except as otherwise directed by the State, the contractor shall to the extent possible, continue to perform, as required by this contract until the effective date of termination

11. Conflict Resolution

The contract documents shall consist of this renewal agreement, the Request for Proposal, the Question and Response Memorandum dated January 31, 2003, as well as all cost and other updates relating thereto and the schedules, grids and other attachments attached hereto which are hereby made a part of hereof. In the event of any conflict between contract documents, the contract documents will be interpreted in the following order and the lower number below shall govern and control:

1. This Renewal Agreement
2. Last Renewal Agreement dated June 4th, 2007
3. The Contracts, #2841 and #2961, and Amendments (Staff Recruitment and Retention and 6 for 1 Program)
4. Request for Proposal #2841 and #2961

5. CEC Inc. Proposals and any updates related thereto.

12. DOC Staff Training

CEC will support the training of correctional officers on Therapeutic Communities at no additional cost to the DOC.

* 13.

[REDACTED]

* 14. Performance Penalties based on entire staff payroll

Staff penalties – Any CEC staffing vacancy lasting greater than 60 days will result in a monthly payment reduction of \$ [REDACTED] per day/per vacancy, retroactive to the 1st day of the vacancy. CEC shall submit a staffing vacancy report to the DOC contract manager and to the Bureau of Correctional Healthcare on a monthly basis. Every CEC staffing position must be assigned a position number for ease of understanding and clarification of the staffing vacancy report. Internal transitions to fill vacant positions shall not result in the termination of the 60 days window.

*15. Hours of Operations

Key North, 6 for 1, and YCOP Programs: [REDACTED]

Key South and Key Village: [REDACTED]

Level IV Programs: [REDACTED]

Statewide Aftercare Program: _____

16. DSAMH Licensure

CEC will not be required to maintain DSAMH Licensure effective July 1st, 2009. Oversight of all substance abuse programs will be the sole responsibility of the DOC, Bureau of Correctional Healthcare Services.

17. CEC Staffing

It is understood that circumstances arising during the life of this contract may require the staffing patterns described in Attachment # 1 and Attachment # 2 to be adjusted to accommodate treatment and programming needs. DOC and CEC will evaluate staffing patterns and treatment and programming needs on December 31st, 2009 and any changes to the staffing pattern described in Attachment # 1 and Attachment # 2 will be made based on mutual agreement of both parties, which may be recorded as an amendment to this agreement.

18. New Horizons and CREST Central Programs Consolidation at Morris Correctional Institution

Effective July 1st, 2009, the New Horizons Program will be eliminated. Participants of the program will be transferred to CREST Central at Morris Correctional Institution. The new bed capacity for CREST Central will be 250 participants.

19. Certification Mandatory

All invoices, reports, any documents provided in response to an audit, and any documentation provided to DOC pursuant to any contractual obligation, including any chart or compilation of data, produced by CEC after the effective date of this renewal agreement shall contain the following certification:

"I hereby certify that the information reported herein is true, accurate and complete. I understand that these reports are made in support of claims for government funds."

Any certification related to information and documents produced to the Bureau of Correctional Healthcare Services shall be certified only by the Statewide Director. Any certification related to staffing, invoicing, and auditing as required by this Renewal Agreement shall be certified by CEC' Statewide Director.

20. Cooperation.

The Parties express their understanding and acknowledgment that the DOC intends to fully comply with the recommendations of any monitor supervising DOC compliance with the requirements of any agreement with federal or state governmental oversight authorities or entities. To the extent any changes in policy, procedure, training, or practice with respect to the provision of substance abuse treatment services in DOC facilities are required in the future, the Parties agree to cooperate, collaborate, and expeditiously comply with any such recommendations. The Parties agree that such cooperation and compliance is a material term of this renewal agreement.

State of Delaware

Department of Correction

By: 

Title: Commissioner

Date: July 2, 2009

CEC Inc.

By: 







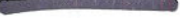

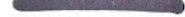
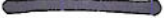














John J. Clancy

Title: Chairman/CEO

Date: _____

*** Attachment #1**

The following table represents the CEC daily personnel totals:

Position	Number of Positions
	
	
	
	
	
	
	
	
	
	
	
	
Total Positions	

***Attachment #2**

Staffing Model

The following tables represent the minimum staffing pattern as agreed during negotiations

MPCJF (Gander Hill - Key North) Level V
200 BEDS

[illegible]

MPCJF (Gander Hill - 6 for 1) Level V
80 BEDS

[illegible]

Sussex Correctional Institution (SCI – key South) Level V
120 BEDS

Position	FTE
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Baylor Women's Correctional center (Key Village) Level IV
96 BEDS

[illegible]

Women's Work Release Treatment Center (Crest North for Women) Level IV
88 BEDS

[illegible]

**Plummer Community Correctional Center (Crest North) Level IV
128 BEDS**

Position	FTE
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

**Sussex Community Correctional Center (Crest South) Level IV
100 BEDS**

Position	FTE

Morris Community Correctional Center (Crest Central) Level IV
250 BEDS

[illegible]

**YCOP at Gander Hill
40 BEDS**

Position	FTE
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

**Boot Camp at Sussex Correctional Institution
100 BEDS**

Position	FTE
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

**Aftercare - Statewide
280 Slots**

Position	FTE
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Regional Office

Position	FTE
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]